

Page Denied

CONFIDENTIAL

CENTRAL INTELLIGENCE AGENCY
National Foreign Assessment Center

15 January 1980

MEMORANDUM FOR: Ms. Rhonda Bresnick
Office of East-West Trade
Department of Treasury

SUBJECT : Estimated Western Financial
Exposure to the USSR

1. Per your request, I am attaching a table giving OER's estimate of Western credit exposure to the USSR at midyear 1979. The exposure figures are gross totals and are substantially higher than OER's estimate of Soviet debt; gross and net debt at yearend 1978 was \$17.2 billion and \$11.2 billion respectively. The exposure figures include credits committed by Western governments to the USSR but not yet drawn. Detailed information relating to the data is presented in the footnotes to the table. [redacted]

25X1

2. If you have any questions, please contact [redacted]

25X1

[redacted]

25X1

Chief
Trade Branch
Office of Economic Research

ER M 80-10038

Attachment
As stated:

[redacted]

25X1

CONFIDENTIAL

[redacted]

25X1

25X1

DISTRIBUTION: ER M 80-10038

Orig + 1 - Addressee

1 - D/NFAC (Clarke)

1 - NSC Coordinator

25X1

1 - D/OER

1 - D/U

1 - SA/PS

25X1

1 - CRS

25X1

1 - OPA

1 - Dept. of Treasury (JFCollins)

1 - PPG

2 - U/TD

OER/U/TD/ (15 Jan 1980)

25X1

CONFIDENTIAL

Table 3

Estimated Western Financial Exposure to the USSR 1/

(30 June 1979 in Billion US \$)

Country:	By Commercial Banks	Government Guarantees <u>2/</u>	Total Exposure
United Kingdom	2.8	1.2	4.0
West Germany	1.6	3.9	5.5
France	2.2	4.3	6.5
Italy	0.9	2.4	3.3
Japan	0.4	2.7	3.1
Switzerland	0.8	0.2	1.0
Austria	0.3	0.5	0.8
United States	0.4	0.4	0.8
Belgium-Luxembourg	1.0	0.1	1.1
Other	2.4 <u>3/</u>	0.4 <u>4/</u>	2.8
Total	12.8	16.1	28.9

1. The estimates of country financial exposure to the USSR differ from our estimates of Soviet external debt at yearend 1978 (\$17.2 billion, of which \$10.3 billion is owed to private lenders and \$6.9 billion to official lenders) for the following reasons:

- a) commercial bank lending statistics include loans to CEMA's International Investment Bank (IIB) and International Bank for Economic Cooperation (IBEC);
- b) government-guaranteed totals include both drawn credits and undrawn commitments on signed contracts;
- c) the Soviet Union has received substantial credits from Western non-bank firms and from Middle Eastern banks.

2. Estimated from statistics reported by the Berne Union, which include both credit principal and future interest payments. We decapitalized these data by assuming average credit terms of 8-year maturity and a 7.2 percent interest rate.

3. Other bank lending includes claims of banks in Canada, Sweden, the Netherlands, Ireland, and offshore branches of US banks in the Bahamas, Cayman Islands, Panama, Hong Kong, and Singapore.

4. Other government-backed lending includes commitments from Canada, Denmark, Finland, the Netherlands, Norway, Spain, and Sweden.

CONFIDENTIAL